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In the Supreme Court of the United States

OCTOBER TERM, 1961.

No. 259

TINNERMAN PRODUCTS, INC.,

Petitioner,

vs.

GEORGE K. GARRETT COMPANY, INC.,

Respondents.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals
For the Third Circuit.

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TABLE OF CONTENTS.

Citations to Opinions Below 1

Jurisdiction 2

Questions Presented for Review 2

Statutes Involved 3

Statement of the Case 4

Argument 9

Reasons for the Allowance of the Writ 9

First Question. Does the mere existence of two patent license agreements containing price maintenance provisions therein constitute misuse of a patent, where there is no domination of the industry? 11

Second Question. If the answer to the first question is in the affirmative is such a rule applicable where one of the contracts does not mention the patent in suit by number, and where ambiguity exists as to whether the license agreement is a license under the patent in suit? 16

Third Question. Where a District Court holds a patent to be valid and infringed, but unenforceable because of the existence of more than one license agreement containing price maintenance provisions therein, and where only the question of enforceability due to misuse is appealed, may the adjudicated infringer raise the question of validity, where no cross-appeal is taken on the question of infringement? 17

Fourth Question. Must an applicant for letters patent know and state in the patent all the advantages of his invention in order for the patent to be valid; even though the specification

and claims are in full compliance with Section 112, Title 35 of the Patent Act of July 19, 1952? 20

APPENDIX:

Opinion of the United States Court of Appeals for the Third Circuit ---------- 22

Judgment of the United States Court of Appeals for the Third Circuit ---------- 27

TABLE OF AUTHORITIES.

Cases.

American Lecithin Co. vs. Warfield (C. A. 7) 105 F. 2d 207 ---------- 19

B. B. Chemical Co. vs. Ellis (C. A. 1) 117 F. 2d 829 -- 19

Berliner, In re, 195 F. 2d 918 ----------20, 21

Metals Disintegrating Co. Inc. vs. Reynolds Metal Co., 228 F. 2d 885 (3rd Cir. 1956) ---------- 19

Newburgh Moire Company vs. Superior Moire Company, 237 F. 2d 283 (3rd Cir.—1956) ---------- 6, 7, 8, 9, 11, 12

Smith vs. Prutton, 127 F. 2d 79 (C. A. 6, 1942) ----- 21

United States vs. American Railway Express Co., 265 U. S. 425 ----------18, 19

United States vs. General Electric, 272 U. S. 476 (1926) ----------8, 13

U. S. vs. Line Material Co., 33 U. S. 287 (1948) ----- 16

U. S. vs. New Wrinkle Inc., 342 U. S. 371 (1952) ---15-16

U. S. vs. United States Gypsum Co. (second case), 340 U. S. 76 (1950) ---------- 15

Westinghouse Electric Products Company vs. Bulldog Electric Product Company, 179 F. 2d 139 (4th Circ., 1950) ---------- 12

Wright, In re, 256 F. 2d 583 ---------- 20

Article.

67 *Yale L. J.* 700-712 14

Constitution.

Constitution of the United States, Amendment V 4

Statutes.

28 U. S. C. 1254(1) 2, 3
28 U. S. C. 2101 ..... 2, 3
35 U. S. C. 112 ..... 2, 3, 9, 21

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ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals
For the Third Circuit.

Petitioner, Tinnerman Products, Inc., prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Third Circuit, entered in the above-entitled case on June 13, 1961.

CITATIONS TO OPINIONS BELOW.

The Opinion and Order of the District Court are printed at 41a.

Petitioner's Motion for Reargument is printed at 55a, and the District Court's Opinion and Order refusing Petitioner's Motion for Reargument is printed at 56a.

Petitioner's Motion to correct an error in the Order of June 27, 1960 is printed hereto at 57a, and the District Court's Opinion sur Motion to Correct Order is printed at 61a.

The Opinion of the Court of Appeals is reported at 129 U. S. P. Q. 438, and is printed in the appendix hereto at page 22.

The Judgment of the Court of Appeals is printed in the appendix hereto at page 27.

JURISDICTION.

Jurisdiction of this Court is invoked under 28 USC Sec. 1254(1), and 28 USC 2101. The Judgment of the Court of Appeals was entered on June 13, 1961.

QUESTIONS PRESENTED FOR REVIEW.

1. Does the mere existence of two patent license agreements containing price maintenance provisions therein constitute misuse of a patent, where there is no domination of the industry?

2. If the answer to the first question is in the affirmative is such a rule applicable where one of the contracts does not mention the patent in suit by number, and where ambiguity exists as to whether the license agreement is a license under the patent in suit?

3. Where a District Court holds a patent to be valid and infringed, but unenforceable because of the existence of more than one license agreement containing price maintenance provisions therein, and where only the question of enforceability due to misuse is appealed, may the adjudicated infringer raise the question of validity, where no cross-appeal is taken on the question of infringement?

4. Must an applicant for Letters Patent know and state in the patent all the advantages of his invention in order for the patent to be valid; even though the specification and claims are in full compliance with Section 112, Title 35 of the Patent Act of July 19, 1952?

STATUTES INVOLVED.

Patent Act of July 19, 1952, Title 35 U. S. C. Sec. 112.

"The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof. (R. S. 4888; 35 U. S. C., 1946 ed., 33.)"

Act of June 25, 1948, c. 646, 62 Stat. 928 (28 U. S. C. Sec. 1254).

"Sec. 1254 Court of Appeals; Certiorari; Appeal; Certified Questions.

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree."

Act of June 25, 1948, c. 646, 62 Stat. 961; May 24, 1949, c. 139. Section 106, 63 Stat. 104. (28 U. S. C. Sec. 2101.)

"Sec. 2101 S. Ct.: Time for appeal or certiorari; docketing; stay.

(c) Any other appeal or writ of certiorari intended to bring any judgment or decree in a civil action, suit or proceeding before the Supreme Court for review, shall be taken or applied for within 90 days after the entry of such judgment or decree."

Constitution of the United States, Amend. V:

"No person shall * * * be deprived of life, liberty, or property, without due process of law; * * *"

STATEMENT OF THE CASE.

Petitioner brought an action for infringement against Respondent in the District Court of the Eastern District of Pennsylvania. The action involved several patents, one of which, numbered 2,233,230 was found to be valid and infringed. The District Court in its Opinion and Order (41a) dated June 27, 1960 further found, however, that patent No. 2,233,230 was unenforceable due to the existence of two license agreements granted by Petitioner and containing price-maintenance provisions therein.

Petitioner was ordered *at trial* to produce all license agreements which had been entered into by Petitioner relating to the patents in suit. The trial was held in Easton, Pennsylvania. The agreements were sent from Ohio to the place of trial. Among the contracts were two with the Mount Clemens Metal Products Company. Respondent made no showing at trial as to whether the contracts were still in force or, whether there was operation thereunder or whether they were under the patent in suit. Counsel for Respondent offered the contracts in evidence, along with several other contracts, near the end of the trial in an omnibus offering. At no time during the trial did Respondent submit any proof of domination or even of operation under the contracts.

One of the agreements relied upon by the District Court in the Order of June 27, 1960, was entered into on August 30, 1946 by Petitioner with Illinois Tool Works of Chicago, Illinois (163b), and the other agreement was entered into on April 25, 1941 with the Mount Clemens Metal Products Company of Mount Clemens, Michigan (27a).

The Illinois Tool Agreement specified a number of Petitioner's patents as being included in the license, one of which was numbered 2,233,230. The first Mount Clemens agreement specified a number of Petitioner's patents, one of which was No. 2,233,230. Each such agreement contained a price maintenance clause, which provided that the licensee would not sell the licensed fasteners at prices lower than those at which Petitioner was selling its corresponding fasteners.

In view of the procedure whereby the contracts were ordered to be produced while the trial was in progress, and whereby the contracts were put into evidence near the end of the trial without proof of any control or operation thereunder, Petitioner did not realize that the 1941 contract with Mount Clemens had been cancelled *prior* to the filing of the Complaint in this action. Such fact was discovered in preparation of the record for Appeal, whereupon Petitioner moved immediately to correct the error in the Order of June 27, 1960 (57a).

In support of its Motion to Correct such error, Petitioner submitted correspondence (59a and 60a) between Petitioner and Mount Clemens Metal Products Co. showing that the agreement dated April 25, 1941 had been cancelled in 1946. Petitioner additionally called to the attention of the District Court the fact that Petitioner had entered into a later agreement with Mount Clemens Metal Products Co., which was offered in evidence by Respondent

as Exhibit 160 (32a). Such agreement was entered into on February 28, 1948, and included some of the same items which were mentioned in the first agreement, but which were on different royalty terms from the first agreement. Petitioner argued that it was therefore manifest on the face of the record that the second contract superseded the first, and that the first had been cancelled. The District Court thereupon granted Petitioner's Motion (61a) and substituted the second agreement for the first as a correction to the Order of June 27, 1960.

The District Court ruled that the second Mount Clemens' agreement contained a price maintenance provision, substantially similar to that in the first agreement, and that the patent in suit was therefore unenforceable under the rule of *Newburgh Moire Company vs. Superior Moire Company*, 237 F. 2d 283 (3rd Cir.—1956).

The *Newburgh* case was relied upon by the District Court, hence before Petitioner's Motion to Correct an Error in the Order of June 27, 1960 was filed, Petitioner filed a Motion for Reargument on the ground that there was no showing of *domination of the industry* by virtue of the license agreement, and that consequently there was no misuse of the patent in suit by violation of the anti-trust laws (55a). The Order denying Petitioner's Motion for Reargument stated that while the *Newburgh* Opinion may be susceptible of a narrower construction than that given in the Opinion, it was the belief of the District Court that if the *Newburgh* decision was to be explained or narrowed, such action was a matter for the Court of Appeals to determine.

Petitioner alone appealed and based the appeal on the holding of misuse. Respondent obtained an extension of time in which to file its brief, and filed it three weeks before the argument. In such Brief, Respondent raised the

questions of validity of the patent in suit and of certain collateral alleged misuses. Respondent's questions, including subheadings, posed 11 separate cross-questions. Petitioner was thus confronted in its reply brief, not only with meeting the challenge of its own questions, which were attacked by Respondent, but also, of meeting the various separate cross-questions which were raised by Respondent and which, in Petitioner's submission, should have been the subject matter of a cross-appeal. Petitioner took the position that such practice is contrary to required procedure in that it forces a party at its peril to select which of the new issues should be answered in the short period of time provided for a reply brief.

The Appellate Court held that Respondent was entitled to raise any matter whatsoever in support of the judgment in its favor, without the necessity for a cross-appeal. Thereupon the Court directed its attention to the question of validity of the patent in suit and reversed the judgment of the District Court thereon. The Court ruled additionally that, in view of the holding of invalidity, it was unnecessary to decide the question of misuse. In so holding, the Court did not explain the meaning of its prior decision in the *Newburgh* case.

The Court of Appeals based its decision of invalidity upon the assertion that the District Court found invention to be present because of an advantage to the *user* of the invention, but that such advantage was not specifically recited in the patent and that the claim in suit therefore was invalid. The Court of Appeals cited decisions of the Court of Customs and Patent Appeals in support of its decision.

Petitioner had urged that validity is a defense to an action for infringement and is separable from a ruling of enforceability of a patent, in view of the fact that the

latter may be cured by the independent action of the owner of the patent, whereas validity is only a defense to an action for infringement and that a cross-appeal would be necessary to bring that question before the Court of Appeals.

As to the question of misuse, Petitioner observed for the first time in preparing the appeal brief and appendix in the Appellate Court that the second Mount Clemens contract did not grant a license under the patent in suit. The patent number is not specifically set forth therein and there is considerable ambiguity as to whether the license included such patent. Thus, it is conjectural as to whether the *Newburgh* case applied at all, and whether the case presented a matter which would be governed by *United States vs. General Electric*, 272 U. S. 476 (1926).

ARGUMENT.

REASONS FOR THE ALLOWANCE OF THE WRIT.

The present questions are of public interest because they raise questions of procedure in prosecuting applications for patents, and questions of procedure in granting licenses under patents.

With respect to the question of prosecuting applications for patents, it is in the public interest that the Supreme Court provided a guide for the Appellate and lower Courts in the consideration and disposition of questions of patent validity, where the patent complies with Section 112 of the Patent Act, by a full and complete disclosure of the structure of the article which forms the subject matter of the patent. It is in the public interest to know whether advantages in the use of an invention which were discovered after the patent had been issued, and after the invention had gone into practice should have been foreseen and incorporated in the specification of the patent. It is further in the public interest that the Supreme Court provide a guide for determining whether an advantage which was unknown at the time the application for patent was filed can render the patent invalid because of the absence of a statement in the patent setting forth such advantage.

With respect to the question of misuse, it is in the public interest to know whether domination of the industry is essential to a holding of misuse, where more than one license agreement having a price-maintenance provision therein is under consideration by the Court. There is a difference of opinion between the third and fourth circuits as to whether domination of industry must be shown, where more than one price-maintenance license is involved.

Due to the fact that the Court of Appeals did not explain the limitations of *Newburgh Moire vs. Superior*

Moire, supra, and due to the fact that the District Court regarded such case as controlling on the question of misuse, where a "plurality" of license agreements had been granted without a showing of domination in the industry, there is extreme uncertainty as to the correctness of such ruling, in view of the decisions by the Supreme Court holding that the doctrine of misuse is applicable only where there is a showing of a substantial domination of the industry, by virtue of the license agreements.

It is further requested that this Court exercise its supervisory powers to correct an error of procedure. The judgment of the District Court was in favor of the Petitioner on the question of infringement and validity of the patent in suit, but was in favor of the Respondent on the ground that Petitioner had misused the patent and therefore could not enforce the same. Petitioner alone appealed, and then only on the question of enforceability because of the holding of misuse. Respondent did not appeal, yet the Court of Appeals considered and decided the case not on the question which was presented by the appeal, but upon a question which initially was in favor of the Petitioner. It is submitted that a cross-appeal should be required before the Court of Appeals would be empowered to consider the question of infringement and validity, and that the Appellate Court in deciding validity without such cross-appeal has deprived Petitioner of its rights under the "due process of law" clause of the Constitution.

FIRST QUESTION.

Does the mere existence of two patent license agreements containing price maintenance provisions therein constitute misuse of a patent, where there is no domination of the industry?

The District Court found misuse of the patent in suit solely on the existence of two contracts which assertedly granted a license under the patent, one with the Illinois Tool Company, and the other with the Mount Clemens Metal Products Co., each of which contained a price maintenance provision therein. There was no proof of domination. The contracts were merely submitted by Respondent, who relied solely on the face thereof. An examination of the Thomas Register shows that Petitioner and its two licensees were but 3 of over 500 manufacturers of fasteners in the industry. The prices were not to be mutually determined, but were to be determined unilaterally by the licensor. Petitioner moved for rehearing on the ground that domination must be shown to exist in order for the doctrine of misuse to be applicable. The District Court in denying Petitioner's motion for reargument held that if the *Newburgh, supra*, opinion is to be explained or narrowed that such action is a matter for the Court of Appeals.

The District Court, in holding misuse stated as follows (54a):

> "While the word plurality has several different meanings and while this legal question is a very close one (105 U. of Pa. L. R. 411, 67 Yale L. J. 700, 20 U. of Pittsburgh L. R. 54), it seems to me that in the Third Circuit at least, if a patentee grants more than one license containing price-fixing provisions, such licenses constitute a violation of the antitrust laws and a misuse of the patent which renders the patent unenforceable by the patentee. There is much that

could be said for and against the principle quoted above, but in view of the Third Circuit's clear position on the question it would serve no purpose for this Court to discuss the problem. Patent No. 2,233,230 is unenforceable because of misuse by price-fixing."

The holding of misuse on the basis of a plurality of licenses containing price maintenance provisions was appealed. The facts of the present case are distinguished from that of the *Newburgh* case, in that in the present case there is no domination of the industry, whereas in the *Newburgh* case 3/5 of the industry was involved. Neither the Appellate Court for the third circuit, nor the Supreme Court of the United States has ruled upon a case wherein more than one license agreement existed, but wherein the combined business of the patentee and licensees did not dominate the industry. The Appellate Court, however, did not clarify its holding in the *Newburgh* case, but rather directed its attention solely to the question of validity. It is to be noted that in the Fourth Circuit, it has been held that multiple price-fixing without domination is permissible. *Westinghouse Electric Products Company vs. Bulldog Electric Product Company,* 179 F. 2d 139 (4th Circ., 1950). It is important too that this Court review this matter in order that the bench and bar may be guided with respect to the problem of multiple licensing. It appears that the Appellate Court in the present case, by deferring judgment has accepted the holding of the District Court. Thus there is a conflict between the Third and Fourth Circuits on this question.

The present question is of national interest for if multiple licensing is to be held a per se violation of the Anti-Trust Laws, irrespective of domination, such a holding would hinder rather than further the carrying out of

the basic principles of the Anti-Trust Laws. The Anti-Trust Laws are designed to further free competition. The patent laws permit a limited monopoly in order to stimulate invention and to benefit the public by a disclosure thereof. The patent owner may legally prevent a competitor from selling the product at any price and at the same time sell the product at whatever price he chooses. Or, under the decision of *U. S. vs. General Electric*, 272 U. S. 476, the patent owner may grant a license to one competitor and legally determine the minimum price at which that competitor may sell his products. Thus, unlike other areas of the law, a patent owner is entitled to control the prices at which the public purchases the products covered by his patent. If the patent owner chooses not to license, the public may not purchase at a lower price. A prohibition against multiple licensing where there is no domination in no way alleviates the effect of prices on the consumer. The consumer is not benefited because the patent owner will either refuse to license or will grant only one license. On the other hand, a serious harm will occur which will thwart the purposes of the antitrust laws should price-fixing in more than one license be held to be a per se violation of the antitrust laws. It is in the interest of the nation and of the general public that patent owners be induced to grant more than one license. Licenses further competition and add to the scientific progress of the nation by (1) enabling competitors to grow in size of capital and labor by operation under the license and thereby increasing the strength of the nation and the ability of the competitor to compete with the licensor in unpatented products in the same industry; (2) enabling competitors to acquire the skill and know-how which may be utilized (a) in producing unpatented products in competition with the licensor and (b) in being prepared to go into immedi-

ate large volume production at termination of the patent or in a national emergency; (3) coming to the aid of small competitors who are just beginning in a field; (4) fostering the development of inventions as inventions arise from an attempt to solve problems with which the personnel of the company may be confronted in the daily task of production and marketing; (5) preventing giants of industry from destroying small competitors who did not themselves have inventive capabilities and; (6) providing an increase in gross national product by enabling the production and distribution by more efficient firms in cases where the patent owner is inefficient.*

The incentive to license, however, and the competitive benefits derived therefrom would be severely curtailed if price-fixing were declared to be a *per se* violation of the Antitrust Laws. The patent owner under the present system has the option of licensing or not as he chooses. In making his decision he will weigh the comparative advantages. Since he has the Congressionally granted right to sell at whatever price he chooses and, conversely, the right by way of infringement action to prevent a competitor from undercutting his prices and driving him out of business, he will not give up both of these important advantages except under unusual circumstances—such as in settlement of litigation. Consequently the patent owner will elect to produce himself rather than to grant licenses.

On the other hand where there is no domination there are no disadvantages. The price to the public is no lower than it would be if the patent owner manufactured itself. From the public's viewpoint it does not matter whether the products are made by three firms instead of one so long

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Cf. "Patent price restrictions and the anti-trust laws: a balance upset." (67 *Yale L. J.* 700-712.)

as there is no domination. The harm to the public comes when the price-fixing "gobbles up" or "engrosses" the industry, so that the *industry* is "regimented."

The majority in the Report of the Attorney General's National Committee to Study the Antitrust Law* were also of the opinion that domination must be shown. The majority stated at page 233 of the Committee's Report of March 31, 1955 as follows:

> *"Absent any concert or arrangement aimed at or resulting in industry-wide price fixing,* most members believe that *a patentee who is engaged in manufacturing and marketing the patented product* may fix the prices at which his manufacturing licensee *or licensees may sell."* (Emphasis added.)

Even Mr. Schwartz, in his special dissent stated that in his opinion price-fixing might be permissible as long as the firms were not dominant and there were no cross-licenses with price-fixing provisions therein.

Mr. Schwartz stated at page 236 of the Report as follows:

> *"Finally, even if something* can be *said in favor of price-fixing of manufacturing licensees by an inventor* who is not himself competing with his licensees, or *who together with his licensees is a small factor in his industry,* it would plainly be unnecessary and dangerous to permit *dominant firms in* an industry to play this game of 'I fix your price on this product under Patent A, and you fix my price on that product under Patent B.' " (Emphasis added.)

In the present case there is neither domination nor cross-licensing.

The Supreme Court of the United States has not directed its attention to this question. In *U. S. vs. United States Gypsum Co.* (second case), 340 U. S. 76 (1950),

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* Hereinafter designated "The Report."

"all" of the industry was involved. In *U. S. vs. New Wrinkle Inc.*, 342 U. S. 371 (1952) the Court based its opinion on the fact that "substantially all" of the industry was involved. In *U. S. vs. Line Material Co.*, 33 U. S. 287 (1948) it was found that the industry was "regimented." Where patent licenses are used as a means of dominating the industry, then harm does occur. Where there is no domination however, not only is there no harm, but there is a benefit due to the multiplicity of licensing.

If more than one license is held to be a per se violation of the antitrust laws, patent owners will be induced to avoid licensing. The public will gain nothing by a price standard, but will lose immeasurably by the harm to competition.

SECOND QUESTION.

If the answer to the first question is in the affirmative is such a rule applicable where one of the contracts does not mention the patent in suit by number, and where ambiguity exists as to whether the license agreement is a license under the patent in suit?

If it is held that the existence of more than one license containing price-fixing provisions therein is a *per se* misuse of the patent, may such a holding be made where one of the two contracts relied on for misuse does not refer to the patent in suit by number, and where ambiguity exists as to whether such contract is a license under the patent in suit? The first Mount Clemens contract is not available for consideration of misuse, because it was cancelled before the Complaint in this action was filed, whereas the second agreement did not mention the patent in suit. Both Mount Clemens contracts referred to some of the same part numbers but had different royalty terms. It was thus apparent that the second contract superseded the first. What was not apparent was whether the second contract was a license

under the patent in suit. Respondent submitted the contract with no proof of any kind as to operation thereunder or whether it was an agreement under the patent in suit. The granting clause of the second agreement grants a license, "subject to the aforesaid definitions," to make, use and sell "only multiple thread fasteners." (33a.) "Multiple thread fasteners" are defined in paragraph 1 as being

> "'(a) Any fastening device incorporating as part thereof an element provided with a continuous thread of more than 360° in circumferential length, which thread is adapted to co-operate with the threads of a screw; *and*
>
> "'(b) Any fastening device coming within the scope of the claims of United States patents Nos. 2,-003,181, 2,378,957 and 2,401,672 * * *'" (Emphasis added.)

Misuse should not be predicated upon any license agreement where the number of the patent in suit is not recited in the agreement.

THIRD QUESTION.

Where a District Court holds a patent to be valid and infringed, but unenforceable because of the existence of more than one license agreement containing price maintenance provisions therein, and where only the question of enforceability due to misuse is appealed, may the adjudicated infringer raise the question of validity, where no cross-appeal is taken on the question of infringement?

The suit in the District Court involved infringement of three United States patents. The Court in its opinion discussed each of the patents separately. The Court stated at page 50(a) of the opinion:

> "I find, therefore, that patent No. 2,233,230 is valid. Infringement is admitted."

The Court then directed attention to the question of enforceability of the patent and found as follows:

> "* * * Patent No. 2,233,230 is unenforceable because of misuse by price-fixing." (54a.)

The opinion was completed by an Order which stated as follows:

> "AND NOW, TO WIT: June 27, 1960, judgment will be entered in favor of defendant and against plaintiff. The findings of fact and conclusions of law stated in the foregoing opinion constitute the court's findings of fact and conclusions of law." (55a.)

The cross-reference to the foregoing opinion makes the findings as much a part of the Order as though they were especially incorporated therein.

The only question on review was whether the second Mount Clemens contract when viewed with the Illinois Tool contract constituted misuse of the patent in suit.

The Appellate Court relied upon *United States vs. American Railway Express Co.*, 265 U. S. 425, as authority for enabling Respondent to obtain a review of a holding on validity without the necessity for a cross-appeal.

United States vs. American Railway Express Co., 265 U. S. 425, merely supports the rule that a party may use any matter supported by the record in support of its position on the question appealed. In the case at bar the judgment in Respondent's favor and on appeal was only on the question of misuse. It is submitted that the *American Railway Express Co.* case does not stand for the position that the winning party need never take a cross-appeal. It is submitted that the reason for the necessity of a cross-appeal is that the [illegible]r party be given a proper opportunity to meet the questions on their merits and not be compelled to handle them in the short period of time provided by a

reply brief, while at the same time controverting attacks on the questions raised by Petitioner's appeal. The matters raised must be a *defense to the particular appeal*, not collateral matters. In the *American Railway Express Co.* case the Court stated (p. 435):

> "It is true that a party who does not appeal from a final decree of the trial court cannot be heard in opposition thereto when the case is brought here by the appeal of the adverse party. In other words, the appellee may not attack the decree with a view either to enlarging his own rights thereunder or of lessening the rights of his adversary, whether what he seeks is to correct an error or to supplement the decree with respect to a matter not dealt with below."

Judgments of validity and misuse are severable judgments. Misuse goes to the enforceability of rights. Validity is concerned with the existence of rights. A patent may be enforced as soon as the misuse is cured by the unilateral action of the patent owner. *Metals Disintegrating Co. Inc. v. Reynolds Metal Co.*, 228 F. 2d 885 (3rd Cir. 1956); *B. B. Chemical Co. v. Ellis* (C. A. 1) 117 F. 2d 829; *American Lecithin Co. v. Warfield* (C. A. 7) 105 F. 2d 207.

Petitioner does not assert that Respondent had no right to raise the question of validity had a cross-appeal been taken. Petitioner asserts that if such question is to be raised it must be raised by the proper procedure so that respondent is not deprived of its property without due process of law. It is within the realm of the due process of law provision of the Constitution that a party has a right to expect that proper procedure would be followed, in order that the party may meet a question on its merits. Respondent raised eleven separate questions to be determined by the Appellate Court, one of which was the

question of validity. A party should not be compelled to meet each such question in the limited period of time allowed for a reply brief. In the present case, because respondent received an extension of time in which to file its answer brief, petitioner had less than the normal time prior to hearing in which to prepare its reply brief, have it printed and sent to the Court.

If Respondent had filed a cross-appeal on validity, Petitioner would have had ample opportunity to respond in the normal time allowed for filing a brief by a Respondent. It is submitted, therefore, that the Appellate Court, by its action in deciding validity, has violated the "due process of law" clause of the Constitution.

FOURTH QUESTION.

Must an applicant for letters patent know and state in the patent all the advantages of his invention in order for the patent to be valid; even though the specification and claims are in full compliance with Section 112, Title 35 of the Patent Act of July 19, 1952?

The Appellate Court reversed a finding of validity on the grounds that the advantage of the invention relied on by the trial judge as being brought out by the proof at trial was an advantage which was not mentioned in the specification of the patent or in arguments before the Patent Office. The Appellate Court relied on cases before the Court of Customs and Patent Appeals which relate to *issuance* of a patent, not to a determination of validity thereafter. The *Wright*[1] and *Berliner*[2] cases relate to the failure of the claims to recite structural elements. The ability to rock the nut in place, which the trial Court held to be the advantage was not a structure but a result.

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[1] *In re Wright*, 256 F. 2d 583.

[2] *In re Berliner*, 195 F. 2d 918.

Claims are granted only for structure. The claims in the *Berliner* and *Wright* cases were held to be non-patentable because they did not set forth the *structure* required to distinguish over the prior art.

The claim of the patent in suit met the test prescribed by U. S. C. Title 35, Section 112, when allowed by the examiner. It also met the test of the decisions by the Court of Customs and Patent Appeals relied upon by the Court of Appeals in this case. The quotation by the Court of Appeals, in its Opinion in this case, from the case of *In re Berliner,* 195 F. 2d 918, pertained to the recitation of adequate structure in a claim for a determination of patentability. The "rocking" advantage of the fastener in suit was not a structural feature.

The decisions by the Court of Customs and Patent Appeals aforesaid, were appeals where the applicants desired allowance of claims as written by them, but which were not considered by the examiner to have adequate structure set forth therein. The "rocking" feature of the patent in suit is not one of structure, but is one of inherent advantage which produced a new and unexpected result.

An applicant for a patent need not set forth all of the desirable properties of his invention and there is no obligation upon him to catalog all of the functions, properties or uses of his invention. *Smith v. Prutton,* 127 F. 2d 79 (C. A. 6 1942).

For the foregoing reasons it is urged that writ of certiorari should be granted.

Respectfully submitted,

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Of Counsel:

TEARE, FETZER & TEARE.

July 21, 1961.

APPENDIX.

OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

(Filed June 13, 1961.)

BY MCLAUGHLIN, *Circuit Judge*.

Plaintiff, Tinnerman Products, Inc., instituted this action against defendant, George K. Garrett Company, Inc., alleging infringement of three United States patents, Nos. 2,221,498, 2,581,481 and 2,233,230 owned by plaintiff. Defendant's answer urged the invalidity of all the patents because of want of invention and alternatively that even if the patents were valid, they were unenforceable because of plaintiff's misuse of them. The district court found the first two patents (Nos. 2,221,498 and 2,581,481) invalid and plaintiff has not appealed that decision. As to the third (No. 2,233,230) although finding the patent valid, the district court denied enforcement because of plaintiff's misuse of it, relying upon our holding in Newburgh Moire Company v. Superior Moire Company, 237 F. 2d 283 (3 Cir. 1956). Plaintiff has appealed from that holding.

In its brief Tinnerman limited its argument to the holding on misuse. However, defendant's brief, in addition to answering plaintiff's argument with regard to misuse, asserted that the judgment of the district court should be affirmed because the patent is invalid and because of other alleged misuses of it by plaintiff. On reply brief, plaintiff vigorously disputes defendant's right to urge these alternative grounds to support the lower court's holding.

The order from which Tinnerman appeals states:

> "Order.
>
> AND NOW, TO-WIT: June 27, 1960, judgment will be entered in favor of defendant and against plaintiff. The findings of fact and conclusions of law stated in

the foregoing opinion constitute the court's findings of fact and conclusions of law."

On its face, the judgment is not restricted to the holding on misuse of the patent but is a general judgment in favor of the defendant. And the law is clear that where there is an appeal, the responding party may assert any matter in the record to support the judgment. As was stated by this Court in Lanova Corporation v. National Supply Co., 116 F. 2d 235 (3 Cir. 1940), at pages 238-239:

> "In the case at bar, the defendant could not have appealed from the decree given in its favor. Electrical Fittings Corporation v. Thomas & Betts Co., 307 U. S. 241, 242, 59 S. Ct. 860, 83 L. Ed. 1263; Lindheimer v. Illinois Tel. Co., 292 U. S. 151, 176, 54 S. Ct. 658, 78 L. Ed. 1182. An appellee without a cross-appeal may urge upon the court any matter in the record in support of a decree in its favor even though such an argument may attack the reasoning of the trial court or insist upon the weight of evidence ignored by that court. Here the appellee does not attack the decree. It merely reasserts reasons which it urged below. See United States v. American Ry. Exp. Co., 265 U. S. 425, 435, 436, 44 S. Ct. 560, 68 L. Ed. 1087. The reasoning of the District Court is not binding upon us. We may support the decree upon grounds which the court below rejected."

Plaintiff in its brief states: "Counter-Question No. 1 is improper because it reasserts the issue of invalidity of the patent. Defendant did not appeal the adverse holding of infringement. It may not now reassert the defense of invalidity thereto." But the record belies such an assertion. The only dispositive order entered was the one above quoted in favor of the defendant from which the defendant could not have appealed. Therefore we hold that it is proper for us to examine any and all the grounds urged by the defendant to support the district court's judgment.

Plaintiff is engaged in the manufacture of thread-engaging devices and self-retaining fasteners. The history of the various related patents which have been issued to it, dates back to 1923. The original invention was a new kind of nut, consisting of a small rectangular piece of sheet metal with a square or diamond-shaped hole punched out of the center. Two cuts are made parallel to the long dimension of the piece. These are shorter than its length and intersect with the two corners of the hole closest to the sides of the piece. This inner piece is raised in an arch to create two V-shaped notches which will engage the thread of a bolt. The basic virtue of the device is that it can hold panels under spring tension; allows movement without cracking; and eliminates the need for lock washers.

Although there were subsequent patents developing improvement upon this basic idea, the next of Tinnerman's patents relevant here is the "U" type speed nut. This is composed of a larger piece of sheet metal, which has the thread engaging hole at one end of the piece. The sheet is doubled so that the two ends are opposite. Then on the lower leg beneath the thread engaging hole in the upper leg, a circular hole with a raised edge is cut. The principal advantage of this type of nut is its use when the bolt holes are near the edge of the panels to be joined. With the U-nut, it is not necessary to have access to the other side of the panel to hold it in place. Additionally, since the circular hole on the bottom leg of the U-nut is raised, it can snap into place and will facilitate moving the panels during the manufacturing process prior to the placing of the bolt.

The patent in suit is an improvement on the U-nut. It is almost identical with the U-nut, except for the fact that the lower leg is only one-half as long. Therefore,

instead of a circular hole with a raised edge on the bottom leg, the hole is semi-circular with a raised edge. Since from a side view the nut resembles the letter J, it is known as the "J" nut.

The sole basis upon which the district court sustained the validity of the J-nut patent was the facility with which it could be applied, because it could be "rocked." Said the court:

> "The shortening of the leg had one effect, however, which in my opinion was surprising and unexpected, and which would not have been foreseen by one skilled in the art. That effect was that application of the nut to the panel was greatly facilitated (and at the same time there was less likelihood of marring the surface of the panel) because the nut could be rocked onto the panel from an angle, rather than having to be held almost parallel to the panel. In this I find invention."

The difficulty with this basis for patentability (even assuming it to be an advantage over the prior art) is that nowhere in the specifications, claims, or file wrapper of the patent, is this advantage either disclosed or claimed. The applicable law is clear that where the particular feature relied upon is nowhere mentioned as an advantage, it cannot form the basis of patentability. See e.g., In re Berliner, 195 F. 2d 918, 920 (C. C. P. A. 1952); In re Wright, 256 F. 2d 583, 589 (C. C. P. A. 1958); In re Stewart, 222 F. 2d 747, 754 (C. C. P. A. 1955); In re Henschell, 90 F. 2d 357, 359 (C. C. P. A. 1937). As was stated in the Berliner case, supra, at page 920:

> "* * * the right of an applicant to a patent depends not only on what his disclosure shows but also what he claims. The particular feature or fact upon which an applicant predicates patentability must not only

be disclosed in the specification but also brought out in the claims."

An examination of the file wrapper for the J-nut patent, shows that the primary basis upon which the patent was issued was its feature of "hole visibility." In commenting upon this in the remarks accompanying the amended claims, plaintiff stated: "* * * it was particularly brought to attention, that in the instant form of fastening device *the clamping arm was of relatively short length wherefore the bolt opening was visible at all times during the application of the fastening device* * * *"; "* * * the shorter arm terminating substantially below the bolt engaging means carried by the longer arm, *thereby providing for the desired visibility of the bolt opening in the application of the fastening device* to attached position with the greatest speed and facility * * *"; "* * * by constructing the devices in accordance with the present invention, *the bolt opening is visible at all times* and the devices are thereby easily and quickly applied by a simple direct push to seat the centering or locking means 25 thereof in the bolt opening in the applied fastening position of the device." (Emphasis supplied.)

As to this, the district court held:

> "Defendant here contends that the J-nut patent is invalid because it involves nothing more than the cutting off of half of the lower leg of the U-nut, the obvious and foreseeable effect of which is to render the bolt hole in the panel more visible and to lessen the amount of material required to make the nut. These two effects are clearly to be expected from shortening one leg of a U-nut."

We agree with the district court's conclusion. The greater "hole-visibility" if the lower leg of the U-nut is shortened was a foreseeable result and not inventive. This

would be readily apparent to a mechanic skilled in the art. Alco Kar Kurb, Inc. v. Ager, et al., No. 13,276 (3 Cir. decided February 6, 1961), at page 3.

It follows that plaintiff's patent is invalid. In that situation it becomes unnecessary for us to consider the issue of misuse.

The judgment of the district court will be affirmed.

JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

(June 13, 1961.)

This cause came on to be heard on the record from the United States District Court for the Eastern District of Pennsylvania and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court in this case be, and the same is hereby affirmed, with costs.